

AR20

Dividend November 4, 1969

The company is pleased to enclose a cheque in payment of the quarterly dividend of twelve and one half cents per share payable to shareholders of record October 20, 1969.

This dividend date is one month later than had formerly been customary, so as to permit mailing of the dividend cheques at the same time as the quarterly report. Dividend dates will in future fall in the first weeks of February, May, August and November.

Standard Paving & Materials, Limited

Quarterly Report
for the six months ended
September 30, 1969

REPORT ON OPERATIONS

six months to September 30, 1969

CONSOLIDATED STATEMENT OF INCOME

To the Shareholders:

Sales for the six months at \$23,878,037 were \$3,182,239 (12%) less than in the same period of 1968. Net income for the period was \$310,917 (30¢ per share) compared with \$528,212 (52¢ per share) in the previous year. Second quarter net income of \$249,677 (24¢ per share) compared with \$218,515 (22¢ per share) for the same quarter of last year. Net income in 1969 is stated before profit on disposal of properties of \$1,068,337, principally from disposal of the site of the former Caledonia Road concrete pipe plant.

Earnings have so far this year been depressed by strikes and lock-outs in the construction industry in Toronto and other centres in our market area. Most of these have now been settled, and given good winter weather for construction we expect a sustained demand for our products and a return to a more normal level of earnings in the second half of the year.

Our new concrete pipe plant at Dixie Road, Toronto, which is one of the largest and most modern plants in North America, was formally inaugurated on September 30. This function was well attended by many present and potential customers. After a running-in period the plant is operating to our satisfaction, and is now producing all the concrete pipe requirements of our Toronto area market.

Work has started on the construction of a new high capacity sand and gravel plant near Stouffville, about 30 miles north-east of Toronto, to improve our ability to service the Toronto market for construction aggregates. This new facility should be in operation by the spring of 1970.

On behalf of the Directors,

GEORGE SCHOTCH,
President.

Toronto, Ontario
October 29, 1969.

REVENUE

Sales and contract revenue	\$23,878,037	\$27,060,276
Income from investments	22,366	4,358
	<u>1969</u>	<u>1968</u>
	23,900,403	27,064,634

EXPENSE

Cost of sales and operating expenses, exclusive of the following items	21,822,821	24,788,793
Depreciation and depletion	1,287,488	1,069,348
Interest on long-term debt	103,706	4,683
Other interest expenses	43,471	97,598
	<u>23,257,486</u>	<u>25,960,422</u>

Income before taxes	642,917	1,104,212
Income taxes	332,000	576,000
	<u>\$ 310,917</u>	<u>\$ 528,212</u>

Net income for the six months (per share 1969 - 30¢; 1968 - 52¢) ..
(Net income is stated before profit on disposal of properties amounting to \$1,068,337 in 1969, nil in 1968.)

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SOURCE OF FUNDS

Operations		
Net income	\$ 310,917	\$ 528,212
Depreciation and depletion	1,287,488	1,069,348
Deferred income taxes	—	135,000
Funds from operations	1,598,405	1,732,560
Profit on disposal of properties	1,068,337	—
Mortgages receivable, reduction in non-current portion	179,393	25,000
Increase in long-term debt	677,650	56,000
Special refundable tax	—	37,380
	<u>3,523,785</u>	<u>1,850,940</u>

APPLICATION OF FUNDS

Additions to fixed assets, net	1,150,873	1,280,500
Dividends	409,718	—
Increase in mortgages receivable	918,730	—
Long-term debt, reduction in non-current portion	381,500	101,000
Reduction in deferred income taxes on disposal of properties ..	235,000	—
	<u>3,095,821</u>	<u>1,381,500</u>

INCREASE IN WORKING CAPITAL	\$ 427,964	\$ 469,440
-----------------------------------	------------	------------

NOTE: The above statements are unaudited and subject to year-end adjustments.